

State of Michigan
Department of Treasury

Michigan Higher Education Facilities Authority

ANNUAL REPORT
2006

Michigan Higher Education Facilities Authority

Authority Mission Statement

The Michigan Higher Education Facilities Authority (MHEFA) exists to lower the cost of non-profit higher education by providing Michigan's private non-profit educational institutions access to tax-exempt capital.

The Authority Finance Division as part of the Bureau of Bond Finance provides financial and administrative support services on behalf of the Authority to assist with achieving these goals.

Bureau of Bond Finance Mission Statement

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost to the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific-voter approved projects
- The State for cash flow financing for operating purposes.

Vision

- We are committed to fair, consistent, and courteous customer service.
- We have the training, technology, and tools to meet customer needs.
- We provide low-cost financing in order for cities and communities to be magnets for economic opportunities, with high quality education and healthcare.
- We are a division where public service and service to others is exalted.

Values

- Integrity: Michigan's schools, colleges, universities, municipalities, and healthcare providers; along with bond counsel, financial advisors, and underwriters know that they can depend upon the Authority Finance Division to follow through on their commitments.
- Excellence: The Authority Finance Division is committed to providing increasingly effective, low-cost financing to protect the interests of the citizens of Michigan.
- Teamwork: The Authority Finance Division will work together to provide effective, low-cost financing to Michigan's schools, colleges, universities, municipalities, and healthcare providers.
- Pride: In our achievements.

MHEFA Board Members

The Michigan Higher Education Facilities Authority is comprised of eleven members; nine appointed by the Governor constitute the membership of the Higher Education Facilities Commission of the State of Michigan. The superintendent of public instruction and the director of the department of management and budget serve as ex officio members without vote. All members of the Authority serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties under the Act. The present membership of the Authority is as follows:

James Woolfolk, Jr., Chair

William J. Cochran, Vice Chair

Harold Gardner

James Goenner

Patrick W. La Pine

Daniel Limer

Dr. Glenda D. Price

Amy D. Seetoo

Larry L. Whitworth

Michigan Higher Education Facilities Authority

Colleges and universities have increasing financial and social demands for their resources. Independent non-profit colleges and universities are facing increasing competition and have responded by improving facilities and programs. They have cut costs, increased efficiency, and improved quality through the use of technology.

Adapting programs and facilities to meet changing student needs is capital intensive. Since non-profit organizations cannot access the equity markets and charitable contributions are limited, tax-exempt indebtedness is the most cost-effective capital financing method for most of our independent non-profit colleges and universities. The cost savings resulting from tax-exempt bonds assists Michigan's private non-profit colleges and universities in limiting their need to increase the cost of tuition. It is Michigan Higher Education Facilities Authority's mission to provide low-cost capital to Michigan's private non-profit colleges and universities.

MHEFA completed 4 bond issues in 2006 totaling \$92.9 million. MHEFA's tax-exempt bonds were all sold at a variable rate of interest. The 4 issues are described below

\$9,170,000

**Davenport University,
Grand Rapids**



The project consists of the constructing, equipping and furnishing of an approximately 45,000 square foot student residence hall, which will be located at the University's existing college campus and the acquisition and installation of a new enterprise resource planning computer system.

\$15,000,000

Adrian College,



Adrian

The Project includes; a 41 unit apartment facility, a 2,500 seat sports stadium, an athletic competition running track, and also improvements to the dining hall, classrooms, administrative and residence buildings, and updates to the heating and ventilation system as well as many other improvements.

\$5,335,000

**Cleary University,
Ann Arbor and Howell**



The project consists of a new 27,000 square foot multi-purpose classroom and meeting building, and the acquisition of classroom and meeting furniture and equipment in Howell.

\$63,385,000

**Albion College,
Albion**



The project includes the renovation and expansion of the College's science complex, the addition of Kresge Hall, a four-story laboratory building, a 7,000 square-foot atrium, the Ludington Greenhouse and expansion of the Equestrian Center. The bond proceeds were also used to refinance outstanding bonds.

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List of Bond Issues

	CLOSING DATE	COLLEGE NAME	AMOUNT ISSUED	INTEREST RATE	RATINGS ORIGINAL	CURRENT	STATUS
1	8/2/1978	Mercy College, 1978	\$2,215,000	6.75%	None	Retired	Retired
2	9/30/1980	Hope College, 1980	1,400,000	7.50%	None	Retired	Retired
3	1/25/1982	Hope College, 1982	2,900,000	10.50%	None	Retired	Retired
4	12/28/1983	Kalamazoo College, 1983	4,000,000	9.60%	AAA/Aaa	Retired	Retired
5	7/31/1985	Pooled Financing, 1985	60,000,000	Variable	AAA/Aaa	Retired	Retired
6	4/5/1988	Hope College, 1988	2,375,000	6.75%	None	Retired	Retired
7	12/15/1988	Calvin College, 1988	4,500,000	8.00%	None	Retired	Retired
8	7/31/1989	Davenport College, 1989	5,000,000	8.03%	A1	Retired	Retired
9	3/26/1990	Calvin College, 1990	3,520,000	7.00%	None	Retired	Retired
10	9/25/1990	Albion College, 1990	11,100,000	7.50%	None	Retired	Retired
11	12/6/1990	Olivet College, 1990	4,000,000	7.00%	None	Retired	Retired
12	12/20/1990	Hope College, 1990	11,430,000	7.13%	None	Retired	Retired
13	5/16/1991	Aquinas College, 1991	10,000,000	7.35%	A	Retired	Retired
14	11/21/1991	Alma College, 1991	6,670,000	6.35%	None	Retired	Retired
15	6/23/1992	Spring Arbor College, 1992	950,000	6.90%	None	Retired	Retired
16	12/10/1992	Cleary College, 1992	2,500,000	7.00%	None	Retired	Retired
17	8/20/1993	U of Detroit Mercy, 1993	5,075,000	6.00%	None	Retired	Retired
18	9/1/1993	Davenport College, 1993A	12,300,000	5.49%	None	Retired	Retired
19	9/1/1993	Davenport College, 1993B	3,500,000	Variable	None	Retired	Retired
20	10/27/1993	Olivet College, 1993	5,215,000	5.40%	None	Retired	Retired
21	2/17/1994	Calvin College, 1994	10,120,000	5.40%	None	Retired	Retired
22	6/16/1994	Hope College, 1994	29,000,000	6.45%	AAA	AAA	Retired
23	11/9/1994	Marygrove College, 1994	2,845,000	7.25%	None	None	Fixed
24	11/16/1994	Kalamazoo College, 1994	5,560,000	6.45%	None	Retired	Retired
25	1/11/1995	Aquinas College, 1995	12,800,000	7.10%	A	A	Retired
26	3/29/1995	Albion College, 1995A	6,820,000	Variable	None	Retired	Retired
27	3/29/1995	Albion College, 1995B	6,685,000	5.70%	None	Retired	Retired
28	5/9/1995	Cooley Law School, 1995	10,000,000	6.30%	None	Retired	Retired
29	5/17/1995	U of Detroit Mercy, 1995	3,300,000	Variable	None	Retired	Retired
30	5/1/1996	Alma College, 1996	4,365,000	5.00%	None	None	Retired
31	6/4/1996	Hope College, 1996A (TAX)	7,150,000	Variable	None	None	Variable Rate
32	6/4/1996	Hope College, 1996B	6,850,000	6.25%	None	None	Retired
33	6/13/1996	U of Detroit Mercy, 1996	11,310,000	6.60%	None	None	Fixed
34	6/21/1996	Walsh College, 1996	9,305,000	7.00%	None	None	Escrowed
35	3/19/1997	Davenport College, 1997	6,000,000	Variable	None	None	Variable Rate
36	7/30/1997	Adrian College, 1997	3,455,000	4.80%	AAA/Aaa	AAA/Aaa	Fixed
37	9/10/1997	Kalamazoo College, 1997	4,440,000	5.30%	None	None	Retired
38	3/24/1998	Calvin College, 1998	22,000,000	5.55%	None	None	Fixed
39	6/3/1998	Cooley Law School, 1998	27,000,000	5.40%	None	None	Fixed
40	9/30/1998	Aquinas College, 1998C	13,685,000	5.20%	AA	AA	Fixed
41	12/7/1998	Aquinas College, 1998A	3,300,000	5.20%	None	None	Fixed
42	12/9/1998	Cleary College, 1998	3,000,000	6.00%	None	None	Fixed
43	3/24/1999	Hope College, 1999	17,080,000	5.40%	None	None	Fixed
44	6/23/1999	College for Creative Studies, 1999	7,500,000	Variable	None	Retired	Retired
45	7/30/1999	Adrian College, 1999	3,200,000	Variable	None	None	Retired
46	8/10/1999	Olivet College, 1999	7,875,000	5.50%	None	None	Fixed
47	9/24/1999	Concordia, 1999	7,325,000	Variable	None	Retired	Retired

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	CLOSING DATE	COLLEGE NAME	AMOUNT ISSUED	INTEREST RATE	RATINGS		STATUS
					ORIGINAL	CURRENT	
48	6/1/2000	Alma College, 2000	\$7,370,000	5.75%	A3	A3	Retired
49	9/7/2000	Albion College, 2000	20,805,000	Variable	NONE	None	Retired
50	11/8/2000	Kalamazoo College, 2000	9,095,000	5.50%	A2	A2	Fixed
51	12/7/2000	Kettering University, 2000	3,100,000	4.45%	None	Retired	Retired
52	12/20/2000	Calvin College, 2000	26,000,000	5.90%	None	None	Fixed
53	8/29/2001	Ave Maria School of Law, 2001	16,500,000	2.40%	None	None	Variable Rate
54	9/6/2001	Kettering University, 2001	27,685,000	5.15%	Aaa	AAA	Fixed
55	3/6/2002	Calvin College, 2002	5,100,000	3.85%	None	None	Fixed
56	5/7/2002	Hope College, 2002A	18,910,000	5.90%	BBB	BBB	Fixed
57	5/7/2002	Hope College, 2002B	20,955,000	1.60%	None	None	Variable Rate
58	6/19/2002	College for Creative Studies, 2002	10,895,000	5.90%	Baa2	None	Fixed
59	8/28/2002	Adrian College, 2002	5,190,000	1.40%	None	None	Variable Rate
60	8/29/2002	Davenport University, 2002	7,000,000	1.33%	None	None	Variable Rate
61	1/30/2003	Spring Arbor University, 2003	2,550,000	5.05%	A1	A1	Fixed
62	2/11/2003	Baker College, 2003	5,000,000	3.25%	None	None	Fixed
63	7/10/2003	University of Detroit Mercy, 2003	10,200,000	Variable	None	None	Variable Rate
64	8/14/2003	Kalamazoo College, 2003	12,940,000	5.00%	A1	A1	Fixed
65	10/22/2003	Spring Arbor University, 2003B	3,850,000	5.00%	A1	A1	Fixed
66	6/9/2004	Davenport University, 2004	24,000,000	1.05%	None	None	Variable Rate
67	7/28/2004	Hope College, 2004	25,000,000	1.10%	None	None	Variable Rate
68	8/3/2004	Albion College, 2004	44,925,000	1.20%	None	Retired	Retired
69	3/17/2005	Hillsdale College, 2005	13,000,000	5.00%	A2	A2	Fixed
70	6/8/2005	Alma College, 2005	6,025,000	4.08%	A3	A3	Fixed
71	6/16/2005	Walsh College, 2005	10,845,000	2.50%	VMIG1/SP1	VMIG1/SP1	Variable Rate
72	6/22/2005	Baker College, 2005	8,000,000	4.30%	None	None	Fixed
73	10/20/2005	Spring Arbor University, 2005	6,515,000	Variable	VMIG1/SP1		Variable Rate
74	1/19/2006	Davenport University, 2006	9,170,000	2.98%	None	None	Variable Rate
75	3/1/2006	Adrian College, 2006	15,000,000	3.25%	None	None	Variable Rate
76	6/7/2006	Cleary University, 2006	5,335,000		None	None	Variable Rate
77	11/1/2006	Albion College, 2006	63,385,000	3.50%	None	None	Variable Rate
			<u><u>\$854,965,000</u></u>				